United Nations E/CN.5/2003/NGO/2

Economic and Social Council

Distr.: General
17 January 2003

Original: English

Commission for Social Development
Forty-first session
10-21 February 2003
Item 3 (a) (iii) of the provisional agenda*
Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: "National and international cooperation for social development": social responsibility of the private sector

Statement submitted by Franciscans International and International Federation of Settlements and Neighbourhood Centres, non-governmental organizations in general consultative status with the Economic and Social Council; and Congregation of Our Lady of Charity of the Good Shepherd, Dominican Leadership Conference, Economists Allied for Arms Reduction, Elizabeth Seton Federation, International Presentation Association of the Sisters of the Presentation, School Sisters of Notre Dame and Society of Catholic Medical Missionaries, non-governmental organizations in special consultative status with the Economic and Social Council**

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31 of 26 July 1996.

* * *

* E/CN.5/2003/1.

** The document was submitted late to the conference services without the explanation required under paragraph 8 of General Assembly resolution 53/208 B, by which the Assembly decided that, if a report is submitted late, the reason should be included in a footnote to the document.

03-20271 (E) 170103

Social responsibility of the private sector

"We ... resolve to develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication." (General Assembly resolution 55/2, United Nations Millennium Declaration, para. 20)

Bearing in mind the statement of resolve in the Millennium Declaration to develop strong partnerships with the private sector and with civil society in pursuit of development and poverty eradication, and the agreed conclusions of the thirty-seventh session of the Commission for Social Development regarding the follow-up to the World Summit for Social Development, the above-named non-governmental organizations in consultative status with the Economic and Social Council and members of the Non-Governmental Organization Committee on Social Development urge the Commission for Social Development to consider the following aspects of social responsibility of the private sector:

1. We believe that people who live in conditions of poverty must be involved in the design, implementation and evaluation of private-sector partnerships. Part of the design must include any necessary training they might need in order to negotiate as equal partners. At its thirty-seventh session the Commission for Social Development agreed that partnership should be based on shared goals, mutual respect and tolerance of different views, joint decision-making as appropriate, and joint commitment to the process. It also noted that partnership can be strengthened through mechanisms that facilitate the exchange of experiences, improved standards and feedback concerning service delivery.

2. Corporations involved in private sector partnerships must be accountable to all stakeholders, including employees, consumers, suppliers and community members, not just to their stockholders. As the Commission for Social Development noted at its thirty-seventh session, all actors involved in the provision and delivery of social services should be accountable to the users of the services.

3. Accountability should look at the "triple bottom line", comprising economic, social and environmental performance indicators, such as those developed by the Global Reporting Initiative. Performance indicators should offer a means whereby the organization can assess its own performance over time, make comparisons with other organizations involved in similar work and relate its performance to appropriate United Nations guidelines such as the Millennium development goals or the Plan of Implementation of the World Summit on Sustainable Development.

4. Economic performance indicators should include investment in human capital; donations to community, civil society and other groups; and development of non-core business infrastructure, such as schools or hospitals in the local community. The focus of economic indicators should be on how the economic status of the stakeholder changes as a consequence of corporate actions, not on the finances of the organization itself. Indicators must be designed to reflect the impact of corporate actions, especially on women and on all those who live in conditions of poverty.

5. Environmental performance indicators should be related to the broader ecological systems in which they operate, in order to address the ability of the local environment to absorb environmental changes. In addition to accountability in the sustainable use of energy, indicators should address the method by which production waste is treated, including composting, reuse, recycling, recovery, incineration and the use of landfills; and the percentage of the weight of products that is "reclaimable" by either recycling or reuse of the product materials or components. Specific indicators should address the Stockholm Convention on Persistent Organic Pollutants, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Helsinki, Sofia and Geneva Protocols to the Convention on Long-Range Transboundary Air Pollution. In this International Year of Freshwater, it is particularly important to assess total water use, annual withdrawals of ground and surface water as a percentage of annual renewable quantity of water available, and water sources and related ecosystems significantly affected by the use of water.

6. Social performance indicators should be based on internationally recognized standards such as the conventions of the International Labour Organization (ILO) and international instruments such as the Universal Declaration of Human Rights, as well as on the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises. Indicators under labour practices should measure ways in which an organization goes beyond basic human rights expectations. Since social issues are not easily quantifiable, some of the social indicators will be qualitative measures of policies, procedures and management practices. Employee remuneration, working time and community impact are sector-specific and should be further addressed on a regional basis.

(a) Social performance indicators should assess the impact of corporate actions on the wider community, by including an explanation of procedures for identifying and engaging community stakeholders in dialogue; information on the percentage of profits used for community development; and descriptions of the policy, procedures and compliance mechanisms for addressing bribery and corruption as well as of political lobbying and contributions. Since community needs and impacts are often sector-specific, additional indicators in this area should be developed on a regional basis.

(b) Human rights indicators should show evidence of consideration of human rights impacts as part of investment and procurement decisions, including the selection and monitoring of suppliers and contractors; the number of employees trained in human rights policies and practices relevant to operations, as well as the type and average duration of training; a description of policies regarding freedom of association and the prevention of all forms of discrimination, child labour and forced and compulsory labour, including monitoring systems and procedures and programmes to address these issues; and a description of policies, guidelines and procedures to address the needs of indigenous people, and the share of operating revenues redistributed to local communities.

(c) Social performance indicators should also address employee benefits beyond those legally mandated; the percentage of employees covered by collective bargaining agreements; provisions for worker representation in decision-making; the proportion of employees covered by formal health and safety agreements; a description of policies or programmes on HIV/AIDS; average hours of training per year per employee; and the composition of senior management and corporate governance, including male/female ratios and other indicators of cultural diversity.

7. Monitoring and evaluation must include outside oversight, including by representatives of each stakeholder group, as well as of the United Nations. For example, education partnerships could be monitored by a committee appointed by the Commission for Social Development, including parents of school-aged children living in poverty, members of the Commission, the United Nations Educational, Scientific and Cultural Organization, the United Nations Development Programme, educators and non-governmental organizations. In the case of partnerships for sustainable development, a committee appointed by the Commission on Sustainable Development that included people living in conditions of poverty in areas of environmental degradation, members of the Commission, the United Nations Environment Programme, business and civil society would be appropriate.

When people who live in conditions of poverty receive the necessary training and help design partnerships that take into account the social, environmental and economic impact of corporate actions, this will result in "strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication." (ibid.)